



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

State Compliance Examination
 For the Two Years Ended June 30, 2023

Release Date: May 7, 2024

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2021		23-8	
Category 2:	2	6	8	2019	23-1, 23-2	23-4, 23-9, 23-10	
Category 3:	0	0	0	2013		23-3	
TOTAL	2	8	10	2006		23-5	
FINDINGS LAST AUDIT: 16							

INTRODUCTION

This digest covers the Department of Central Management Services’ (Department) compliance examination for the two years ended June 30, 2023. The financial audit of the Department, as of and for the year ended June 30, 2023, was previously released on February 15, 2024. In total, this report contains ten findings, one of which was presented within the Department’s financial audit.

SYNOPSIS

- (23-2) The Department entered into interagency agreements that failed to adhere to provisions of the Fiscal Control and Internal Auditing Act.
- (23-10) The Department had not implemented adequate internal controls related to cybersecurity programs and practices.

<p>Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).</p> <p>Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.</p> <p>Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.</p>

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO ADHERE TO THE PROVISIONS OF
THE FISCAL CONTROL AND INTERNAL AUDITING
ACT**

The Department of Central Management Services (Department) entered into interagency agreements that failed to adhere to provisions of the Fiscal Control and Internal Auditing Act (Act).

During the engagement period, the Department was party to interagency agreements with the following designated State agencies to provide internal audit services:

- Illinois Finance Authority
- Illinois Department of Agriculture
- Illinois Department of Corrections
- Illinois Department of Financial and Professional Regulation
- Illinois Department of Human Rights
- Illinois Department of Public Health
- Illinois Department of Veterans' Affairs

We noted the following issues with these interagency agreements:

Agreements resulted in agencies not maintaining their own internal audit function

- The Illinois Finance Authority, the Illinois Department of Agriculture, the Illinois Department of Financial and Professional Regulation, and the Illinois Department of Human Rights did not have a Chief Internal Auditor during the engagement period and strictly relied on the Department to provide internal audit services. The interagency agreements ultimately resulted in these four agencies not maintaining their own full-time internal audit function. Further, these interagency agreements resulted in the Department's Chief Internal Auditor not working full time with the Department's own internal audit function.

Governor's approval not obtained

- The Department did not obtain the Governor's approval for the Department to provide professional internal auditing services for the following designated State agencies:
 - Illinois Finance Authority
 - Illinois Department of Agriculture
 - Illinois Department of Corrections
 - Illinois Department of Financial and Professional Regulation
 - Illinois Department of Human Rights

Reimbursement arrangements were not consistently established.

- The Department inconsistently established reimbursement arrangements for these agreements and did not follow any of the reimbursement arrangements in the interagency agreement. (Finding 2, pages 12-16) **This finding has been reported since 2019.**

We recommended the Department refrain from entering into interagency agreements which result in agencies and the Department not maintaining their own full-time internal audit function. Additionally, we recommended any other services provided to agencies be done only with the approval of the Governor. Further, we recommended the Department consistently establish and enforce reimbursement arrangements and amend its interagency agreements to reflect the reimbursement arrangements followed by the Department.

Department accepted recommendation

The Department accepted the finding and recommendation and stated they have begun the process of updating the intergovernmental agreements with the necessary changes related to the billing issues. The Department stated all intergovernmental agreements for internal audit services are now sent through the Governor's Office for approval.

Further, the Department stated that while the Department has been providing internal audit support for other designated state agencies, we are committed to training staff to become Chief Internal Auditors and, as such, they are committed to encouraging qualified staff to consider these positions as they come available. The Department also stated they are further committed to training and preparing staff for other internal audit positions within the State.

WEAKNESSES IN CYBERSECURITY PROGRAMS AND PRACTICES

The Department had not implemented adequate internal controls related to cybersecurity programs and practices.

During our examination of the Department's cybersecurity program, practices, and control of confidential information, we noted the Department had not:

Cybersecurity training not completed

- Ensured all staff members and contractors completed cybersecurity training upon employment and annually thereafter. During testing we noted three of 40 (8%) employees tested did not complete security awareness training. Additionally, one of five (20%) contractors had enrolled in the course but had not completed it.

Formal backup policy and specific change management procedures were not documented and implemented

- Documented and implemented a formal backup policy related to backup verification and off-site storage.

Data classification did not include data retention and destruction information

- Documented a formal change management policy noting Department specific procedures.
- Ensured that data classification documentation included information related to data retention and destruction. (Finding 10, pages 34-35) **This finding has been reported since 2019.**

We recommended the Department:

- Ensure all employees and contractors complete security awareness training annually.
- Document a formal backup policy and change management policy and procedures.
- Include information related to retention and destruction to the data classification documentation.

Department accepted recommendation

The Department accepted the finding and recommendation. The Department stated it is in the process of hiring an Information Risk Officer to oversee technology trainings and to develop and document a formal backup policy along with a retention and destruction policy. The Department stated this position will also work with the Department of Innovation & Technology (DoIT) to ensure DoIT cybersecurity policies are followed within the Department.

OTHER FINDINGS

The remaining findings are reportedly being given attention by Department personnel. We will review the Department's progress towards the implementation of our recommendations in our next audit/examination.

AUDITOR'S OPINION

The auditors stated the financial statements of the Department as of and for the year ended June 30, 2023 are fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2023-001 and Finding 2023-002. Except for the noncompliance described in these findings, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Sikich LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:meg